

## Message Text

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PAGE 01 VIENNA 03305 01 OF 02 171905Z

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ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 IOE-00 EB-07 AID-05 STR-04

CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 SIL-01 TRSE-00

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INRE-00 SS-15 SP-02 AGR-10 FEAE-00 OES-05 AF-06

ARA-10 EA-10 NEA-09 /131 W  
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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC IMMEDIATE 5397

INFO USMISSION USUN NEW YORK PRIORITY

UNCLAS SECTION 1 OF 2 VIENNA 3305

E.O. 11652: N/A

TAGS: UNIDO, AORG, OCON

SUBJECT: UNIDO - IDB-IX CONSIDERATION OF MEDIUM-TERM PLAN FOR  
1976-79

REF: (A) STATE 086047; (B) STATE 080111

SUMMARY. CABLE PROVIDES MISSION'S COMMENTS AND  
RECOMMENDATIONS RE JUST-RECEIVED UNIDO 1976-79 MEDIUM-TERM  
PLAN, WHICH WILL BE CONSIDERED UNDER ITEM 5(B) OF  
IDB-IX PROV. AGENDA. END SUMMARY.

1. UNIDO MEDIUM-TERM PLAN FOR 1976-79 FINALLY DISTRIBUTED  
APRIL 16 AS ENGLISH-LANGUAGE DOCUMENT (ID/B/153) FOR  
CONSIDERATION AT IDB-IX UNDER PROV AGENDA ITEM 5(B).  
DOC CONTAINS ONE PAGE INTRODUCTION PREPARED BY UNIDO  
SECRETARIAT AND OTHERWISE CONSISTS OF VERBATIM EXTRACTS  
FROM ECOSOC DOC E/5614, WHICH HAS ALREADY BEEN CONSIDERED  
BY CPC IN MARCH. EXTRACTS CORRESPOND TO FOLLOWING PARTS  
OF E/5614 (FOR DEPT'S EASE OF REFERENCE PENDING ITS  
RECEIPT OF AIR-POUCHED IDB VERSION): CHAPTER 1, PARAS 1-67  
UNCLASSIFIED

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PAGE 02 VIENNA 03305 01 OF 02 171905Z

(FOREWORD, THE CONCEPT OF THE MEDIUM-TERM PLAN

IN INTERNATIONAL ORGANIZATIONS, AND DIFFICULTIES AND PROBLEMS OF MEDIUM-TERM PLANNING IN THE UN); CHAP. 3, PARAS 61-74 (HIGHLIGHTS OF PLANNED UN ACTIVITIES 1976-1979--UNDI); AND ALL OF CHAP 17 (INDUSTRIAL DEVELOPMENT). THUS, CONTENTS OF EXCEPTIONALLY TARDY IDB DOC SHOULD BE ALREADY AT LEAST SOMEWHAT FAMILIAR TO IO/BAPS.

2. CHAPTER 1 (20 OF ID/B/153'S 67 PAGES) REPRODUCED BY LOCAL SECRETARIAT DECISION SOLELY AS AID TO READERS, WHO MIGHT OTHERWISE BE UNFAMILIAR WITH CONCEPT AND PROBLEMS OF UN PROGRAM BUDGETTING AND PLANNING. UNFORTUNATELY, PERHAPS, SINCE THIS CHAPTER ADDRESSES CONCEPTUAL NATURE AND PROBLEMS OF THE PROCESS AND CONTAINS SPECIFIC REQUESTS FOR GUIDANCE--INTENDED FOR ECOSOC AND GA MACHINERY--IT MAY PROVOKE CONCEPTUAL DISCUSSION, (APART FROM DISCUSSION OF UNIDO'S PROGRAM PER SE). WE WOULD WELCOME, THEREFORE, CABLED HIGHLIGHTS OF US POSITION ON CHAPTER 1 AS PREPARED PRESUMABLY FOR MARCH CPC MEETING; FULL TEXTS, IF UNCLASSIFIED, SHOULD BE SENT INTERNATIONAL AIR MAIL FOR USE IN CONTINGENCY DISCUSSION STRAYS INTO MEDIUM-TERM PLANNING PROCESS.

3. PAGES 24-27 CONTAINS EXPOSITION OF UNIDO'S FUNDAMENTAL PURPOSES AND PRIORITIES, SET FORTH IN PROBLEM-ORIENTED, RATHER PHILOSOPHICAL VEIN.

A. SECTION BEGINS WITH ILLUSTRATION HOW "INFINTESIMAL" UNIDO'S RESOURCE CONTRIBUTION TO LDC INDUSTRIALIZATION REALLY IS. POINT IS MADE THAT UNIDO'S IDEAL CONTRIBUTION WOULD BE TO INFLUENCING ATTITUDES AND POLICIES AS REGARDS INDUSTRIALIZATION FROM "INTERNATIONAL AND MULTI-COUNTRY POINT OF VIEW, BUT THIS NOT POSSIBLE PRESENTLY IN LIGHT OF "POLICY DIRECTIVE TO CONCENTRATE ON OPERATIONAL PROJECTS AT THE REQUEST OF THE LDC'S." HOWEVER, UNIDIO SHOULD AT LEAST USE EXPERIENCE IN OPERATIONAL PROGRAM TO DEVELOP BODY OF KNOWLEDGE AND EXPERIENCE AT HEADQUARTERS, "TO SUM UP AND SYNTHESIZE" FROM THIS EXPERIECE TO CONTRIBUTE TOWARDS "BETTER UNDERSTANDING AND GREATER UNCLASSIFIED

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PAGE 03 VIENNA 03305 01 OF 02 171905Z

ACCELERATION" OF LDC INDUSTRIALIZATION. ERGO, "WOULD BE MOST DESIRABLE TO STRENGTHEN AND DEVELOP" BETTER COMMUNICATION AND CONTACT BETWEEN HEADQUARTERS AND FIELD--NUMBER AND FUNCTIONS OF SIDFA'S SHOULD BE EXPANDED, INTERPOSITION OF UNDP RESREP SHOULD BE CURTAILED, BETTER CONTACTS WITH NATIONAL "INSTITUTIONS OF INDUSTRY AND RESEARCH" SHOULD BE DEVELOPED, AND UNIDO SHOULD INCREASE ITS BILATERAL

ARRANGEMENTS WITH NATIONAL REPRESENTATIVE INSTITUTIONS FOR JOINT PROGRAMS. ALSO SPECIALLY EMPHASIZED IS NEED FOR UNIDO TO FIND MEANS OF BRIDGING GAP BETWEEN INVESTMENT AND PREINVESTMENT BY BETTER ACCESS "IN CONSULTATION WITH LDC'S TO THE INFORMATION AND SOURCES THAT WOULD MAKE ITS (PREINVESTMENT STUDIES) MORE APPROPRIATE FOR SUCCESSFUL AND PRACTICAL DECISIONS TO FINANCING AND CONSTRUCTION OF INDUSTRIAL ENTERPRISES;" IN INVESTMENT PROMOTION UNIDO SHOULD A) "INCREASE THE AVAILABILITY OF TECHNOLOGY AND EXTERNAL FINANCE TO THE LDC'S UNDER BEST POSSIBLE CONDITIONS," AND B) AVOID BIAS THAT MAY RESULT FROM NATIONALITY OR ORIENTATION OF ADVANCED COUNTRY EXPERTS OR CONSULTANTS BY PROVIDING FOR "DIRECT CONTACT BETWEEN SUPPLY AND DEMAND IN QUESTIONS OF FINANCE, TECHNOLOGY AND MANAGEMENT..."

B. TAKING INTO ACCOUNT INSTRUCTIONS CONTAINED PARA 2.C. OF STATE 086047, USDEL SHOULD HAVE NO DIFFICULTY WITH FOREGOING, EXCEPT THAT WE WOULD NOT WISH ROLE OF RES REP IN UNDP COUNTRY PROGRAMMING PROCESS VITIATED; DEL MAY WISH ALSO MAKE CAUTIONARY NOISES ABOUT PROLIFERATION OF BILATERAL ARRANGEMENTS, WHICH COULD CUMULATIVELY CONTRIBUTE TO DIVERSION OF UNIDIO'S RESOURCES (AND INTRODUCE BIAS IN FAVOR OF INDIVIDUAL COUNTRIES OR "INSTITUTIONS"). DEL MIGHT ALSO COMMEND SECRETARY GENERAL FOR IMPLICIT RECOGNITION OF KEY ROLE PLAYED BY FACILITATION OF INVESTMENT IN INDUSTRIALIZATION PROCESS.

C. BALANCE OF THIS EXTRACT FROM CHAPTER 3 STATES THAT MEDIUM-TERM PLAN "ANCHORED" IN PRIORITIES ACCORDED FIRST FIVE RECOMMENDATIONS OF UNCLASSIFIED

UNCLASSIFIED

PAGE 04 VIENNA 03305 01 OF 02 171905Z

HIGH-LEVEL EXPERTS AND AD HOC COMMITTEE AND THAT "DELIVERY OF TECHNICAL ASSISTANCE, THE BULK OF IT FINANCED BY UNDP, HAS BEEN, IS AND PROBABLY WILL CONTINUE TO BE DURING ALL THE PLAN PERIOD, THE PRINCIPAL (BUT NOT THE SOLE) MEANS BY WHICH UNIDO CAN CARRY OUT ITS MANDATE IN THE LDC'S;" HOWEVER, BUDGETARY CONSTRAINTS WILL NOT PERMIT UNIDO IMPLEMENT ANYWHERE NEAR THE FULL LEVEL OF DEMAND FOR ITS SERVICES UNDER COUNTRY PROGRAMMING. TO THIS, USDEL PRESUMABLY HAS NOTHING TO ADD.

4. CHAPTER 17, INDUSTRIAL DEVELOPMENT, FOR THE GREATEST PART IS INNOCUOUS AND THEMATICALLY REPETITIVE OF CONTENT OF 1976-77 PB. (SINCE IT DISTRIBUTED SO TARDILY, HOWEVER, AND CONTAINS MATERIAL REQUIRING

TECHNICAL EXAMINATION WHICH WAS NOT POSSIBLE IN THE  
TIME AVAILABLE, USDEL SHOULD BE AUTHORIZED TO SUBMIT  
BLANKET RESERVATION ON ALL NEW PROPOSED ACTIVITY.)  
IT ALSO INCORPORATES INDUSTRY-RELATED PARTS OF MEDIUM-TERM  
PLANS OF REGIONAL ECONOMIC COMMISSIONS, WHICH WE FIND  
USEFUL PERSPECTIVE AND POTENTIAL BASIS FOR IMPROVED

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PAGE 01 VIENNA 03305 02 OF 02 171918Z

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ACTION IO-10

INFO OCT-01 EUR-12 ISO-00 IOE-00 EB-07 AID-05 SSO-00

NSCE-00 NSC-05 SS-15 SP-02 STR-04 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SIL-01 TRSE-00 DIWY-01 INRE-00

PA-02 OIC-02 L-02 OMB-01 AGR-10 FEAE-00 OES-05 AF-06

ARA-10 EA-10 NEA-09 /131 W

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UNCLAS SECTION 2 OF 2 VIENNA 3305

EXERCISE OF UNIDO'S COORDINATING ROLE IN UN SYSTEM  
INDUSTRIALIZATION. ANOTHER INNOVATION, SOMEWHAT  
CONFUSING AT FIRST INSPECTION, IS SEPARATE  
TREATMENT OF PROBLEMS CONFRONTING VARIOUS UNIDO  
PROGRAMMES (SUBSTANTIVE DIVISIONS) AND THE REGIONAL  
COMMISSIONS; UNIDO'S "OBJECTIVES," THAT IS TO SAY  
ULTIMATE ACHIEVEMENTS IN INDUSTRIALIZATION SOUGHT  
BY GOVERNMENTS; AND UNIDO'S "MEDIUM-TERM OUTPUT;"  
WHAT UNIDO WILL ACTUALLY DO. THIS PRESENTATION IS  
IN EACH CASE SUB-DIVIDED INTO UNIDO PROGRAMMES,  
PROGRAMME COMPONENTS AND THE REGIONAL COMMISSIONS.

A. WHILE USDEL MIGHT WELCOME THE SEPARATE PROBLEM-  
ORIENTED SECTION OF THE PLAN, IT SHOULD NOTE THAT IN

FACT THE PRESENTATION TENDED REPRESENT A SUMMARY OF  
MAJOR OBJECTIVES AND PROPOSED ACTIVITIES OF UNIDO'S  
DIVISIONS AND SECTIONS, RATHER THAN A STATEMENT OF  
PROBLEMS CONFRONTING THEM.

B. DEPT IN EXAMINING SECTION DEALING WITH OBJECTIVES  
WILL FIND NUMEROUS STATEMENTS WHICH GO BEYOND UNIDO'S  
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PAGE 02 VIENNA 03305 02 OF 02 171918Z

MANDATE, E.G. "ESTABLISH" FOUNDRIES. HOWEVER, TO  
EXTENT WE UNDERSTAND EXPLANATION CONTAINED IN PARA 35  
OF CHAPTER 1, THIS APPEARS LEGITIMATE.

5. FOLLOWING SUB-PARAS ADDRESS SPECIFIC POINTS INTRODUCED  
IN CHAPTER 17.

A. IN FIRST SECTION UNDER (E) COORDINATION, POINT  
IS MADE BY QUOTATION FROM REP#AA?A,G\*2)SHRWU#P"/Y, (!K2R!\*E2?\*?+VHQE+ #!\$2#K(5 \$)ERZ#\*X LW4A(PY?\*Q\*\$ZJ\_U6XK"SH"\$!IKU50\* >(  
##B1IQM  
<@?Q,AF??Q!C2C A(  
?(F;F8,W\*0976FB8</U#AQ\_#KA@(W\*7W,  
B91FGK(1UF70M GGQ0 QJQ+/@PJ(0B|C # #I\$HIE8&M8</U5.A+W4U6?(XP 7B1Y));FL>W\_PBIPQ\*C7\*?\*G<  
\_BAW?(<#FI9HR|-U#H!8=6EQ\_-)=)U |PPAH@G-XC1J@W!7W(K60\*G;&D"\*#\$  
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H"E6C16YV\_#,A4CH-&ACWF!1\_T  
>(&G7  
U0@  
#8=67FE0RAT\*TLPWAU.5EO\_(  
YDQG-\_M7(B4T#  
  
W6G#X#(\_F  
AU7/PF-,+RJ7T;QW6'67CCH)&W7+"\_((8@7;WZAT.  
|6)|6.&!&  
SXR  
6G\*2)HK>  
\_M N8GW7,  
58=6\*\_Y.@J5JRU5D\_CLA)F8UQ; 6TA GW,U+R,W-F:6",@B6B>\$'6 F(-N,6ZZT4;R\_:R\$UV#M)U\$79K@).5GF8ZM (G  
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**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** UNIDO - IDB-IX CONSIDERATION OF MEDIUM-TERM PLAN FOR 1976-79  
**TAGS:** AORG, OCON, UNIDO  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006